



CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE

March 11, 1999

S. 430

Kake Tribal Corporation Public Interest Land Exchange Act

*As ordered reported by the Senate Committee on Energy and Natural Resources
on March 4, 1999*

CBO estimates that enacting this bill would not have a significant impact on the federal budget. Because the bill could affect offsetting receipts (a credit against direct spending), pay-as-you-go procedures would apply, but we estimate that any increase in direct spending would total less than \$500,000 a year. S. 430 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act and would impose no significant costs on the budgets of state, local, or tribal governments.

S. 430 would direct the Secretary of Agriculture to convey to the Kake Tribal Corporation and Sealaska Corporation the surface and subsurface estate of lands in the Hamilton Bay and Saginaw Bay areas within the Tongass National Forest. The lands to be conveyed would be selected by the two corporations from federal lands depicted on the maps identified in the bill and dated September 1, 1997. In exchange, the Kake Tribal Corporation and Sealaska Corporation would convey to the United States surface and subsurface estate comprising about 2,400 acres of municipal watershed land. The bill would direct the Secretary of Agriculture to enter into a Memorandum of Agreement with the city of Kake, Alaska, to provide for management of the municipal watershed.

S. 430 does not specify the federal land to be conveyed to the Kake Tribal Corporation, but it provides that the exchange be on the basis of equal value. Because the federal budget is on a cash basis, the budgetary impact of the land exchange is measured by its effect on the government's cash flow, such as changes in offsetting receipts from timber harvests. The land exchanges could decrease offsetting receipts to the federal government because, according to the Forest Service, the federal land to be conveyed to the corporation would likely include areas with merchantable timber, whereas some of the land to be acquired from the corporation has been harvested and would thus be unavailable for further harvest for at least several more years. Furthermore, the Forest Service would consider the acquired area unsuitable for future harvesting because it lies within the municipal watershed for the city of Kake. CBO estimates that any net increase in direct spending from forgoing timber receipts would total less than \$500,000 a year over the 2000-2009 period.

Based on information from the Forest Service, CBO estimates that the agency could incur additional administrative costs to manage the municipal watershed, such as upgrading some roads, obliterating and revegetating other roads, and surveying the area. However, we estimate that such costs would total less than \$500,000 a year, subject to the availability of appropriated funds.

The CBO staff contact for this estimate is Victoria Heid Hall. This estimate was approved by Robert A. Sunshine, Deputy Assistant Director for Budget Analysis.